

E-Rate Modernization

E-rate Changes for FY 2015-16

Presented by Sue Melancon, Erie 1 BOCES

What is E-rate?

- **The Purpose** of the E-rate program is to provide eligible schools and libraries discounts on approved telecommunication services.
- **Commencement** - The program began in 1998.
 - 18th Year
- **Annual Program** - Commitments for E-rate are made by funding year, which runs from July 1 through the following June 30th.
 - E.g., FY 2015 is July 1, 2015 – June 30, 2016

General Information

- **Who can apply?**
 - Schools and school districts
 - Libraries and library systems
 - Consortia – groups of eligible entities that band together to aggregate demand and negotiate lower prices

General Information

- **Funding Cap:** Commitments are capped at \$2.25 billion annually. This cap is adjusted each year for **inflation** which began in FY 2010, increasing the cap to \$2.40 billion.
 - Once each year, **FCC** can roll-over unused funds from previous funding years into the current funding year.
 - **Priority 1 Services** – transport of information to the school – Voice, Internet, Broadband.
 - **Priority 2 Services** – transport of information within the school building – Internal Connections – networking – maintenance of Internal Connections.
- **Since FY 2012, no internal connections**
 - Demand for P1 services increased
 - Available Funding for P2 services decreased
 - No P2 funding for the past three (3) years.

E-rate Program Reevaluation

- **E-rate Program vs Educational Needs**
- **Program successful for the first 13-14 years.**
 - 95% of classrooms in this country are connected to the Internet.
 - No funding for networking for the past 3 years.
- **Educational Needs Changing**
 - WiFi in the classroom.
 - Mobile devices – Hand held devices.
 - Streaming video.
- **Challenge is no longer connectivity, but capacity.**

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FCC Released the

E-rate Modernization Order

FCC 14-99

July 23, 2014

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Overview of the Order

- **Refocus E-rate on broadband** to the classroom
 - Set broadband goals for schools and libraries.
 - Target “predictable” funding for Internal WiFi connections.
 - Fund WiFi by eliminating or phasing support for Priority 1 legacy services.
- **Update rules** on competitive bidding, contracts, discount rates, electronic filing, tech plans, etc.

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Performance Goals - 3 S's of E-rate Reform

- ▣ **Speed – High speed and high capacity broadband:**
 - **Schools:** Internet at 1 Gbps per 1,000 students.
 - **Libraries:** Internet at 1 Gbps for populations over 50,000 people.
- ▣ **Smart Spending: Maximum cost-effectiveness of purchases**
- ▣ **Simplify: Fast, simple and efficient E-rate process**

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Performance Goal #1

**Speed – High speed and high capacity broadband
to all classrooms**

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New Category Designations

- **Priority 1 services will no longer take priority. The word “Priority” will be dropped.**
 - **New designations:**
 - **Category 1: Services that enable Broadband connectivity to the district.**
 - **Category 2: Services that enable Broadband connectivity within the school buildings.**
- **Targeted funding to be available for both C1 & C2 services, so there will be a pool of money for both categories.**

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GOAL: Category 1?

- ▣ **Broadband will be the focus of Category 1**
 - **Goals:**
 - **Internet Connectivity Goal:**
 - ▣ Short Term – 100 Mbps per 1000 students.
 - ▣ Long Term – 1 Gbps per 1000 students.
 - **WAN Connectivity for all focuses on the “scalable capacity” of**
 - ▣ 10 Gbps per 1000 students.

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GOAL: Category 2

LAN and WLAN

- **Wireless environment to service mobile devices and hand-held devices in the classroom – ubiquitous computing in the classroom.**

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How will the Funds Be Distributed?

- No increase in funding. The annual cap remains at \$2.4 billion.
- \$1 billion will be targeted for Category 2 services for FY 2015 and FY 2016, with plans to provide the same \$1 billion in future years.
- FCC estimates \$5 billion over 5 years should be sufficient to provide all schools with ubiquitous WiFi to the classroom.
- Funding for Category 1 services will remain available for all discount levels.

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How will the Funds Be Distributed?

- ▣ School budget for Category 2 services:
 - Schools – not districts - will be funded.
 - \$150 per student per school – prediscount – over a 5 year period.
 - 1500 students - \$225,000.
 - 5000 students - \$750,000.
 - Minimum funding - \$9,200 – per school.
- ▣ Library Budget for Category 2 services
 - \$2.30 per square foot of library space.
- ▣ No more 2 in 5 year rule

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Category 2 Budgets?

- ▣ **Five year plan:**
 - Awards will be allocated to the highest discount bands first until funding expended.
 - If allowable funding not utilized in the first year requested, remainder can be used in subsequent years.
- ▣ **Non-Instructional Buildings:**
 - Support is not available for Category 2 services unless those Category 2 services are essential for the effective transport of information to or within one or more instructional buildings of a district.

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Category 1 Services Changed Ineligible for FY 2015-16

- Paging
- Email
- Text Messaging
- Web Hosting
- Data Plans and Air Cards
- **Telephone Service Components**
 - Directory Assistance Charges
 - Custom Calling Services
 - Direct Inward Dialing
- **No contracts will be “grandfathered” in for ineligible services**

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Category 1 Services Changed

- **Voice service phased out beginning FY 2015**
 - All Voice services
 - Local phone service
 - Long Distance phone service
 - Cellular service
 - VoIP service
 - Phase out schedule
 - 20% per year deducted from the eligible discount percentage
 - For example
 - 60% FY 2014
 - 40% FY 2015
 - 20% FY 2016



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What Services Will Be Eligible for E-rate?

Category 1 (C1):

- Service that transports information to the building :
 - Must cross a public access highway.
 - All schools are funded.
 - Traditionally C1 services are funded first
 - Telecommunications Services include:
 - Broadband
 - Internet Access
 - Voice – Phasing out

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Category 2 Equipment and Services?

- ▣ **Basics: Internal Broadband Connections and a Wireless environment to serve Mobile Devices**
 - **LAN and WLAN: cabling, routers, switches, fire walls, wireless access points**
 - **Will include for FY 2015 and FY 2016**
 - Maintenance
 - Managed WiFi – new eligible service
 - Caching services – new eligible service
- ▣ **Category 2 equipment may be purchased as of April 1st - 3 months before the year begins.**

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Performance Goal #2

Smart Spending - Maximum cost-effectiveness of purchases

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- **Goal #2: Lowering the cost of services by....**
 - **1. Improving Data Collection**
 - Pricing Transparency
 - Item 21 Attachment
 - Will be Standardized
 - Will be revised to clearly indicate services and pricing
 - Will be made public
 - **2. Encouraging Consortium Applications**
 - Prioritize consortium application review for state and regional applicants – early reviews.
 - Encourage bulk purchasing

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- ▣ **Goal #2: Lowering the cost of services by...**
 - **3. Creating Preferred Master Contracts**
 - New Concept
 - Nation-wide
 - Limited to Category 2 equipment
 - May create the opportunity to obtain better pricing.

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Performance Goal #3

Simplify the E-rate process

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□ **Goal #3: Simplify the E-rate Process by...**

- Changing the Discount Rate Calculations.
 - District-wide student percentage.
 - Not the weighted average of individual school.
- Basing Rural/Urban discount designation on US Census.
- Eliminating Technology Plans requirement.
- Reviewing multi-year contracts only in the first year.
- Sending BEAR reimbursements directly to applicant beginning in FY 2016.
- Corresponding with applicants in plain language.
- Extending document retention from five (5) to ten (10) years.

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Future Focus of E-rate

**Category 1 – High-speed Broadband to
the school building**

**Category 2 – High-Speed WiFi in the
Classroom**